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Message Text

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13
ACTION ARA-20

INFO OCT-01 ISO-00 EB-11 AGR-20 CEA-02 CIAE-00 COME-00

DODE-00 FRB-02 H-03 INR-10 INT-08 L-03 LAB-06 NSAE-00

NSC-07 PA-04 RSC-01 AID-20 CIEP-02 SS-20 STR-08

TAR-02 TRSE-00 USIA-15 PRS-01 SP-03 FEA-02 OMB-01

SWF-02 DRC-01 /175 W
---------- 016506
R 141753Z MAY 74
FM AMEMBASSY SAN JOSE
TO SECSTATE WASHDC 7015
INFO AMEMBASSY BOGOTA
AMEMBASSY GUATEMALA
AMEMBASSY MANAGUA
AMEMBASSY PANAMA
AMEMBASSY SAN SALVADOR
AMEMBASSY TEGUCIGALPA
AMEMBASSY QUITO
AMCONSUL GUAYAQUIL

C O N F I D E N T I A L SAN JOSE 1824

E.O. 11652: GDS
TGS: ETRD, CS
SUBJECT: BANANA EXPORT TAX--AND STANDARD FRUIT

REF: STATE 98067

1. SUMMARY: STANDARD FRUIT UNDER NEW PRESS ATTACK AS COMPANY HAS CUT WEEKLY SHIPMENTS BY TWO-THIRDS--TO 150,000 BOXES. STANDARD OFFICIALS LED BY CHARLES WAITE VISITED SAN JOSE LAST WEEK BUT WERE ABLE TO ACCOMPLISH NOTHING. PROJECTED MAY 15 UPEB MEETING IN SAN JOSE VIEWED AS CRUCIAL BY STANDARD'S LOCAL ATTORNEY. SIGNIFICANT POINT IS THAT STANDARD IS BEARING FULL BRUNT OF PRESS ATTACKS--INCLUDING CALLS FOR EXPROPRIATION--WHILE OTHER COMPANIES' IMAGES INTACT.
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2. THE ATLANTIC BANANA SITUATION AND STANDARD FRUIT IN PARTICULAR HAVE RECEIVED HEAVY PRESS COVERAGE DURING THE LAST SEVERAL DAYS. THIS HAS RANGED FROM THE REPORTED VISIT LAST WEEK OF CASTLE AND COOK'S VICE PRESIDENT CHARLES WAITE, THE COMPANY'S CHIEF COUNSEL MOORE, AND HOMER EATON OF THE CARIBBEAN REGIONAL OFFICE OF STANDARD TO WIDESPREAD REPORTS OF SHARP CUTBACKS IN PRODUCTION BY THE COMPANY. LA REPUBLICA HAS CARRIED TWO DETAILED AND APPARENTLY ACCURATE REPORTS CONCERNING STANDARD'S CUTBACK FROM THREE SHIPMENTS A WEEK TO ONLY ONE OF 150,000 BOXES. THESE REPORTS HAVE HIGHLIGHTED CRISIS ATMOSPHERE IN THE ATLANTIC ZONE AND GROWING ANXIETY IN THAT AREA.

3. GOVERNMENT ORIENTED LA HORA OF MAY 10 REVIVED STRIDENT ATTACKS AGAINST STANDARD FRUIT, ACCUSING THE COMPANY OF IMPERIALISTIC TACTICS IN INCITING POLITICAL DISSENTION AMONG BANANA PRODUCING NATIONS. LA HORA CALLED FOR EXPROPRIATION OF COMPANY'S HOLDINGS IN COSTA RICA AND IN PANAMA (SIC) UNLESS COMPANY CHANGES ITS POLICY. MAY 11 EDITION FOLLOWED UP ATTACK BY URGING MUNICIPALITY OF LIMON TO EMBARGO STANDARD'S HOLDINGS FOR FAILING TO PAY A SPECIAL MUNICIPAL TAX FOR THE PAST THREE YEARS.

4. MAY 13 PRESS GAVE WIDE COVERAGE TO PROPOSED MAY 15 MEETING OF UNION OF BANANA EXPORTING COUNTRIES (UPEB) IN SAN JOSE. LA NACION REPORTED "DELEGATES FROM GUATEMALA, HONDURAS, NICARAGUA, PANAMA, COLOMBIA AND POSSIBLY ECUADOR" WILL COME "TO ANALYZE THE REGIONAL BANANA SITUATION, THE POSITION OF STANDARD FRUIT COMPANY, AND HOW THE BANANA EXPORT TAX SHOULD BE APPLIED".

5. COMMENT: STANDARD'S ATTORNEY MARIANO ANDERSON TOLD THE CHARGE THAT THE STANDARD OFFICIALS CAME TO COSTA RICA BUT DESPITE THEIR EFFORTS WERE UNABLE TO HAVE SUBSTANTIVE DIS-CUSSIONS WITH ANY OFFICIALS. ANDERSON SAID THAT STANDARD BELIEVES THAT THE SAN JOSE UPEB MEETING COULD BE CRUCIAL REGARDING THE FUTURE OF THE TAX AND SANDARD'S RELATIONSHIPS WITH THE GOCR AND THAT WAITE WAS PREPARED TO RETURN ON CONFIDENTIAL

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MOMENT'S NOTICE IF APPROPRIATE. HE CONFIRMED THAT STANDARD INDEED HAS CUT DOWN ON SHIPMENTS AND HE SAID THE ONE SHIP PER WEEK NOW SCHEDULED IS TAKING ONLY BANANAS PRODUCED BY THE INDPENDENTS (I.E. APPARENTLY STANDARD'S OWN PLANTATIONS ARE NOT CUTTING).

6. THE SIGNIFICANT THING IN ALL RECENT PRESS REPORTS IS THE EXCLUSIVE FOCUS ON STANDARD AS THE CULPRIT--THE OTHER

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FOREIGN FRUIT COMPANIES OPERATING HERE HAVE NOT RECEIVED
BAD PRESS. ONE THEME THAT MIGHT YET BE DEVELOPED EVEN TO
THE FURTHER DETRIMENTOF STANDARD'S IMAGE HERE WAS A PRESS REPORT
TO THE EFFECT THAT STANDARD HAS OFFERED TO IMPROVE ITS PURCHASE
CONTRACTS WITH ECUADOR AT THE SAME TIME IT WAS SLOWING
DOWN ITS ACTIVITIES IN HONDURAS AND COSTA RICA.
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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: PRESS COMMENTS, BANANAS, EXPORTERS
Control Number: n/a
Copy: SINGLE
Draft Date: 14 MAY 1974
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: GarlanWA
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1974SANJO01824
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: GS
Errors: N/A
Film Number: D740119-0139
From: SAN JOSE
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1974/newtext/t19740549/aaaabrkt.tel
Line Count: 122
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION ARA
Original Classification: CONFIDENTIAL
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators: n/a
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: n/a
Reference: STATE 98067
Review Action: RELEASED, APPROVED
Review Authority: GarlanWA
Review Comment: n/a
Review Content Flags:
Review Date: 10 SEP 2002
Review Event:
Review Exemptions: n/a
Review History: RELEASED <10 SEP 2002 by cunninfx>; APPROVED <14 FEB 2003 by GarlanWA>
Review Markings:

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US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: BANANA EXPORT TAX--AND STANDARD FRUIT
TAGS: ETRD, CS, STANDARD FRUIT
To: STATE
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005

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